

# HO'IKE KAUAI

COMMUNITY  
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## OFFICERS

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Lyndon Yamane

## STAFF

J Robertson  
*Managing Director*

Katrina Bagano

William "bc" Charles

Jim Lucas

Robert "Boots" Riggan

Isaac Worth

July 28, 2005

Clyde Sonobe, Cable Administrator  
Dept. of Commerce & Consumer Affairs  
335 Merchant Street, Room 101  
Honolulu, Hawaii, 96813

CABLE DIVISION  
COMMERCE AND  
CONSUMER AFFAIRS

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A\_\_\_E\_\_\_P\_\_\_S\_\_\_  
FILE\_\_\_\_\_

C. LS  
LW  
UC

Dear Clyde,

The Board of Directors of Ho'ike: Kauai Community Television, Inc. have had an opportunity to review the opinions and recommendations put forth in the Merina PEG Performance Audit. The following pages offer our initial response to many of the recommendations that were made for the Access organizations in Hawaii as well as the specific comments related to Ho'ike.

These comments are our preliminary reaction and do not necessarily reflect any final or definite position. We are open to additional interpretations and recommendations. We are also agreeable to a continued dialog between the PEG entities and the Department on these matters.

Ho'ike appreciates the opportunity to learn and grow from this experience and is already taking measures to enact much of this report. Thank you very much for your efforts and continued interest in providing the best Public, Education, and Government Access possible for the community of Kauai.

If you have any questions please contact me at your convenience at Ho'ike at 246-1556.

Sincerely,



J S Robertson,  
Managing Director

## **FINANCIAL REPORTING COMMENTS**

### **CHART OF ACCOUNTS**

[DCCA should establish a chart of accounts for use by the PEG's ]

Ho'ike has an established chart of accounts. If the other PEGs agree with the recommendation it is possible to met and define the standardized chart.

### **FINANCIAL REPORTING FORMAT**

[DCCA should establish a financial reporting format. Statements of Financial Position, Statement of Activities, Cash Flows, Functional Expenses and permanently restricted, temporarily restricted and unrestricted funds]

Ho'ike has two classes of net assets-temporarily restricted capital funds and unrestricted operating funds. Strict comparative data fields are not necessarily reasonable. Kauai is a unique community that is not readily comparable with other larger enterprises. The services and delivery methods vary from island to island. The level of financial review suggested should be the responsibility of the independent PEG and under the guidance or review of the Board of Directors and the Managing Director.

### **AUDIT MANAGEMENT LETTER**

[DCCA require the PEGs to submit copies of auditors' management letters when they are received along with corrective action plan that includes a timetable]

Ho'ike disagrees to providing the auditor's management letter to the DCCA. The financial oversight of the PEG is the responsibility of the Board of Directors and the Managing Director. The PEGs could work with the DCCA to find an alternative process for the department to be informed of unfavorable findings.

### **SOURCES OF FUNDING**

[DCCA establish a means for identifying the source of funds used for equipment purchases]

Ho'ike identifies funds as either Capital or Operations. Using other sources for capital purchases is very rare. It would be acceptable to identify capital purchases of significant value (\$500) if purchased with non-PEG funding.

### **DIVERSIFY BANKING INSTITUTIONS**

[DCCA should consider requiring the PEGs to either diversify their banking institutions to less than \$100,000 or seek collateralization concessions from the financial institutions.

Ho'ike accounts are currently in a Bank of Hawaii checking account (Operations) or Morgan Stanley Dean Witter accounts (Operations and Capital). The diversification of deposits would increase the organizations risk management and should not be required.

## **EQUIPMENT INVENTORY COMMENTS**

### **SINGLE COMPUTERIZED INVENTORY**

[DCCA encourage each PEG to implement a single, complete computerized inventory system. Require minimum inventory elements of: Asset tag number, manufacturer, model #, purchase date, original purchase price, funding source, location, serial number, purchase vendor, insurance statues, and the ability to print inventory reports for each field for annual reporting.]

Ho'ike currently uses a single computerized system (Facil) that will allow the input of all suggested fields. The entire history of Ho'ike purchases would not be appropriate since the system was initiated in 2003. It would be recommended that information from this date forward would be included.

### **REMOVE EXPIRED ASSETS FROM INVENTORY**

[Develop and implement a plan to get rid of any equipment out of service with no role for future use or parts. Equipment that is obsolete or inoperative; such equipment should be designated appropriately in the inventory system and should not be insured.]

Ho'ike agrees with this recommendation. No Policy is in place however the Board of Directors is currently developing one.

## **OPERATIONAL REPORTING COMMENTS**

### **REPORTING FORMAT**

[DCCA to expand the Executive Summary by combining Annual Activity Report and the Year-End Activity report and by providing standardized definitions of terms. Ask only for annual summaries (with back up detail available). Encourage coordination of mission statements, strategic plans, annual budgets and annual operating plans; consider requiring action plans that identify responsible agents, specific tasks and completion dates.]

Ho'ike provides all reporting data as required by the current contract. We would welcome the development of streamlined reporting and standardized definitions of terms. It would be appropriate for the DCCA to provide a comprehensive framework for strategic planning and mission statements. However, it is felt the responsibility of the plan, specific task assignments and timelines rest with the Board of Directors and management of the PEG.

### **STANDARDIZED DEFINITIONS**

[DCCA provide standard definitions for "original programming", "locally produced programming", "complaint", "users", etc.]

Ho'ike would agree to work with the other PEGs to develop universal definitions used in the reporting mechanisms.

[DCCA specify three distinct reporting categories for equipment use: number of individual persons using the facilities, number of individual uses of the facility, and number of hours facilities are being used]

Ho'ike is now reporting individual uses of the facility, individual uses of equipment, hours of equipment use and the value of the equipment usage. With guidance from the DCCA regarding information needed we would agree to work with the other PEGs to develop appropriate reporting categories.

[DCCA specify whether reporting should represent numbers of actual individuals certified, number of certifications, number of classes, etc.]

Ho'ike reports types of class instruction, number of courses offered, total student registration, total certifications awarded, and scholarships provided. We would agree to work with the other PEGs to develop appropriate categories for reporting training.

[Develop and transmit a reporting check list with due dates annually]

We currently have a report checklist provided by Glen Chock, Program Specialist. The reports are reflective of the current contract with the DCCA. We would agree to and encourage the checklist to be updated with any new reporting requirements.

**NEEDS ASSESSMENT**

[Explore cooperative relationships for needs assessments among PEGs and the Cable Company.]

Ho'ike agrees that customer satisfaction information is important and continues to discuss operations and access with the users of the system on a regular basis. A more comprehensive evaluation would represent a considerable strain on staff and budget. The possibility of cooperation with the other PEGs in this effort would be appreciated and should be explored.

**COMPLAINT PROCESS**

[Develop a common process with common documentation for the complaint process]

Ho'ike has a written process for complaints in the Operation Manual. We would be willing to work with the other PEGs to develop a 'common' process.

[Include the nature of the resolutions and actual time required resolving complaints in reports]

Ho'ike is providing the nature of complaints and action taken for resolution in the Executive Summary report. We have no objection to additional required reports but note that it would represent another burden on a small staff.

**EQUIPMENT REPORTING**

[DCCA to change the due date of PEGs annual inventory to coincide with transmittal of the Annual Activity Report]

Ho'ike currently provides the annual inventory, operational plan and operating budget as specified in the contract. This timing process has worked well for the organization. There would be no objection to the overall streamlining and timing of the reporting process.

## **OPERATIONS COMMENTS**

### **BOARD RATIFIED ACTIONS**

[DCCA develop a list of actions that must be documented by the Board of Directors along with a time line for taking such actions when appropriate]

The Ho'ike Board as a regular practice approves the examples (budgets, reports, amendments to the by-laws) listed in the report. Actions of the Board are listed in the agenda and minutes of meetings. Ho'ike is compliant with the Hawaii Nonprofit Corporation Act. It is the role of the PEG to comply with State law and believes it is the responsibility of the Board of Directors to determine what actions require review, consideration, oversight or approval. As an independent non-profit organization the determination of action should be made by Ho'ike.

### **ADA POLICIES**

[PEGs should adopt written plans and policies (both employment and accommodation) that address ADA]

Ho'ike has written ADA policies for employment. The lease/rent of the current location prohibits the organization from affecting changes. No action should be required.

### **EMPLOYEE MANUAL**

[PEGs establish best practices through the development of basic operation manuals. These manuals should include at a minimum an Employee Manual, a Policies and Procedures Manual, an Accounting Manual and an Operations Manual]

Ho'ike has the following manuals in place: Employee Manual, Operating Policy (policies and procedures) and a Fiscal Policy. The Hawaii Employers Council reviewed the Employee Manual in 2004.

### **HUMAN RESOURCES**

[PEGs should have employment agreements with the executives in charge]

Ho'ike does not have a contract with the Managing Director. Employment practices should be left to the individual PEG. While it might be helpful it should not be a requirement made by the DCCA.

### **MEASURABLE CRITERIA**

[While detailed action planning may not be called for in all circumstances, where possible, develop measurable criteria of success in achieving quantified goals.]

Goals are addressed in open meetings and Board retreats and reflected in the Operating Plan submitted to the DCCA. Specific measurable quantitative goals would benefit the organization and will be implemented in the ensuing resource utilization goal setting meetings.

**SELF SUFFICIENCY**

[DCCA encourage PEGs to develop realistic self-sufficiency plan. Clarify the extent to which the plan must be developed and include discussion of the likelihood of success in continuing to serve the mission. Include detailed plan, measurable goals and triggers to implement the plan.]

Ho'ike currently has approved a self-sufficiency plan without detailed information, goals, or triggers for implementation. It would be acceptable to update the plan along with strategic goals. It is believed that any decrease in franchise fees would ultimately impact the ability to provide current levels of community service. The plan would reflect this position.

**DIVERSITY OF PEG SERVICES**

[DCCA to discuss with the PEGs the question of appropriateness of diversification of PEG services (web streaming, radio broadcasts, and community ISP service)]

Ho'ike is not involved with alternative media services. It is unclear to what extent cable franchise fees may be used to provide non-cable services. We would agree that discussions with the DCCA would be appropriate and some diversification would be considered when and if funding permits. The current level of funding is a barrier to entering these sorts of functions.

**ALTERNATIVE REVENUES**

[DCCA to consider the appropriateness of alternative revenue sources such as facilitated production, fees for equipment use, etc.]

Ho'ike is charging a minimal fee for training and workshops in addition to retail sales of videotape and accessories. Guidelines must be established to permit alternative methods and insure no barriers to access exist. Alternative revenue sources would be addressed in any future self-sufficiency plan.

## **HO'IKE MERINA RECOMMENDATIONS**

### **FINANCIAL PROCEDURES**

[Funding sources for individual equipment purchases need to be tracked through Operating Funds or Capital Funds. Up to date financial information available to the Board of Directors.]

Operating funds are available for capital purchases. There is no restriction on there use. Only the Capital Fund is restricted. Current audits of each account indicates the funding source for each purchase.

Current financial information from the accounting firm tends to lag behind preferred schedules. The Quickbooks system is up dated bi-weekly and is accurate according to our latest audit. Some depreciation and adjustments may be necessary. The Board will seek corrective action.

### **EQUIPMENT PROCEDURES**

[Original cost of equipment is not listed in inventory report. It is recommended that Ho'ike develop a written long-range technology plan. Move master control from KCC to primary facility. Develop a written policy for disposal or addition of equipment.]

Since the installation of the Facil database inventory listings include the purchase price. It would not be advisable to research and list the original purchase price from ten years ago. It would be recommended that this factor be used from our current listing forward. A long-range technology plan was submitted to the Board of Directors in June 2001 as part of the re-organization. It is agreed that an updated plan be developed. The Master control of playback is in the process of re-location to the main facility. It is agreed that a written disposal policy would be beneficial in dealing with outdated equipment.

### **OPERATING PROCEDURES**

[Strategic Plan is on file but there are no explicitly developed Strategic Goals or Action Plans. No quantitatively measurable goals listed in the annual Operational Plan. No action plans to address: tasks, individual responsibilities, and specific dates of completion, or quantitative or qualitative criteria for measuring success. No community surveys.]

Strategic goal setting has traditionally been undertaken by the Board of Directors during a planned annual retreat. The development of quantitative measurable goals is a worthwhile endeavor and can be readily incorporated into the process. Action plans that reflect individual tasks, responsibilities and dates of completion are the responsibility of the Board of Directors and management. Since it is an internal matter we would disagree that this should be reported to the DCCA. Community surveys would be part of the needs assessment process. We would agree to the planning of community and customer satisfaction analysis.



[No contract with the Managing Director. Current Managing Director evaluation material does not contain incentives for performance]

This is an matter that is the exclusive responsibility of the Board of Directors and should not be an issue reported to the DCCA. Private employment agreements within a private non-profit are internal affairs.

#### **DCCA COMPLIANCE PROCEDURES**

[No written documentation of ADA compliance.]

Ho'ike has a written ADA policy on employment and complies with the State Law concerning ADA. Ho'ike is no discriminatory which includes any ADA issue. The organization rents from the UPW and does not exercise control over the building compliance. A new building or facility would include full compliance with any ADA issues.

### **ADDITIONAL MERINA OBSERVATIONS**

#### **EQUIPMENT PROCEDURES**

Ho'ike is within tolerance for price purchase.

Staff gathers community needs, develops strategy, recommends, shops and then purchases equipment.

Ho'ike exhibits safeguards to secure and maintain equipment

#### **OPERATING PROCEDURES**

Managing Director evaluations are on file.

Strategic Plan on file

Complaint procedures are found to be in place.

#### **DCCA COMPLIANCE PROCEDURES**

Insurance in compliance

Strategic Plan for Self-Sufficiency held in readiness for implementation

Documented compliance for by-law amendments and reported as required

Documented compliance for BOD changes and reported as required

Documented compliance for Operational Plan and Budget and reported as required

Documented compliance for Inventory List and reported as required

Documented compliance for Annual Activity Report and submitted as required

Documented compliance for report to DCCA on programming and submitted as required

Documented compliance for report to DCCA on Executive Summary and submitted as required

Documented compliance for report to DCCA for Self-Sufficiency Plan and submitted as required